CUET 2026 June 7 Shift 2 Buisness Studies

Question Paper (Memory-Based) With Solutions

Conducted by National Testing Agency (NTA)

General Instructions

(i) The examination will be conducted in Computer-Based Test (CBT) mode.

(ii) Each question carries +5 marks for correct answer and -1 mark for wrong answer.

(iii) The total number of questions are 50.

(iv) Duration of the exam is 1 hour (60 minutes).

1. Which level of management is responsible for implementing the policies and plans formulated by top-level management?

(A) Top-level management

(B) Middle-level management

(C) Operational management

(D) Functional management

Correct Answer: (B) Middle-level management

Solution:

Concept:

Management is generally divided into three levels:

- Top-level Management
- Middle-level Management
- Lower-level (Operational) Management

Each level has specific responsibilities and functions within the organization.

Step 1: Understand the role of top-level management.

Top-level management consists of executives such as the Managing Director, Chief Executive Officer (CEO), and Board of Directors.
Their primary functions are:

- Formulating organizational policies
- Setting objectives
- Making strategic decisions
- Planning for the future

Step 2: Understand the role of middle-level management.

Middle-level managers act as a link between top management and operational employees.
Their functions include:

- Implementing policies framed by top management
- Coordinating departmental activities
- Supervising lower-level managers
- Ensuring that organizational plans are executed effectively

Step 3: Apply the concept to the given question.

The question asks which level of management implements the policies and plans formulated by top-level management.
This responsibility belongs to middle-level management because they translate broad policies into practical actions.

$$\boxed{\text{Middle-level Management}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Remember:

Top Management → Policy Formulation

Middle Management → Policy Implementation

Lower Management → Direct Supervision of Workers

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2. Which principle of Henry Fayol suggests that there should be one head and one plan for a group of activities having the same objective?

(A) Unity of Command

(B) Unity of Direction

(C) Scalar Chain

(D) Division of Work

Correct Answer: (B) Unity of Direction

Solution:

Concept:

Henry Fayol proposed fourteen principles of management to improve organizational efficiency. One of these principles is Unity of Direction.

Step 1: Understand the meaning of Unity of Direction.

Unity of Direction means:

$$\text{One Head} + \text{One Plan}$$

for a group of activities having the same objective.

All employees working toward a common goal should follow one coordinated plan under one manager.

Step 2: Differentiate it from Unity of Command.

Students often confuse Unity of Direction with Unity of Command.

Unity of Command means:

$$\text{One Employee} \rightarrow \text{One Boss}$$

Unity of Direction means:

$$\text{One Objective} \rightarrow \text{One Plan} + \text{One Head}$$

Step 3: Apply the concept.

Since the question specifically mentions:

- One head
- One plan
- Same objective

the principle being referred to is Unity of Direction.

$$\boxed{\text{Unity of Direction}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Unity of Command = One Employee, One Boss.
Unity of Direction = One Objective, One Plan, One Head.

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3. Which component of the business environment refers to the values, customs, and beliefs of a society?

(A) Economic Environment

(B) Social Environment

(C) Political Environment

(D) Technological Environment

Correct Answer: (B) Social Environment

Solution:

Concept:
Business organizations operate within an environment that consists of several external factors influencing business decisions.
One important component is the Social Environment.

Step 1: Understand the meaning of social environment.

The social environment includes:

- Customs
- Traditions
- Values
- Beliefs
- Lifestyle
- Education level
- Demographic characteristics

These factors influence consumer behavior and business decisions.

Step 2: Understand its importance.

Business firms must understand social trends because consumer preferences are strongly influenced by society.
For example:

- Growing health awareness increases demand for healthy food.
- Environmental awareness increases demand for eco-friendly products.
- Changing lifestyles create demand for modern technology.

Step 3: Apply the concept.

Since the question refers to values, customs, and beliefs of society, it clearly indicates the Social Environment.

$$\boxed{\text{Social Environment}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Values, customs, traditions, culture and beliefs are all components of the Social Environment.

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4. What is the primary objective of the 'Staffing' function in management?

(A) To set organizational goals

(B) To supervise the workforce

(C) To place the right person at the right job

(D) To monitor organizational progress

Correct Answer: (C) To place the right person at the right job

Solution:

Concept:

Staffing is an important managerial function concerned with acquiring, developing and maintaining human resources required by an organization.

It ensures that competent employees occupy suitable positions.

Step 1: Understand the meaning of staffing.

Staffing involves:

- Manpower planning

- Recruitment
- Selection
- Training
- Placement
- Promotion
- Performance appraisal

Step 2: Identify the main objective.

The ultimate aim of staffing is to ensure that every position is occupied by a suitable employee possessing the required qualifications and skills.
This idea is popularly expressed as:

Right Person at the Right Job

Step 3: Apply the concept.

Since staffing focuses on selecting and placing suitable employees in appropriate positions, its primary objective is:

$\boxed{\text{To place the right person at the right job}}$

Hence, the correct answer is:

$\boxed{\text{Option (C)}}$

Quick Tip: Staffing = Manpower Planning + Recruitment + Selection + Training + Placement.
Main Objective:

Right Person at Right Job

5. Which of the following is NOT an element of the Marketing Mix?

(A) Product

(B) Price

(C) Placement of order

(D) Promotion

Correct Answer: (C) Placement of order

Solution:

Concept:

Marketing Mix refers to the set of marketing tools used by a company to achieve its marketing objectives.

The traditional Marketing Mix is known as the 4 Ps.

Step 1: Recall the four elements of Marketing Mix.

The 4 Ps are:

- Product
- Price
- Place
- Promotion

Step 2: Understand each element.

Product: The goods or services offered to customers.

Price: The amount charged for the product.

Place: Distribution channels through which products reach customers.

Promotion: Activities used to inform and persuade customers.

Step 3: Apply the concept.

"Placement of order" is not one of the elements of the Marketing Mix.

Therefore:

$$\boxed{\text{Placement of Order}}$$

is the correct answer.

$$\boxed{\text{Option (C)}}$$

Quick Tip: Marketing Mix = 4 Ps

Product

Price

Place

Promotion

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6. Which financial decision determines how the funds raised are invested in different assets?

(A) Financing Decision

(B) Investment Decision

(C) Dividend Decision

(D) Capital Budgeting Decision

Correct Answer: (B) Investment Decision

Solution:

Concept:

Financial management involves taking important decisions regarding procurement, utilization

and distribution of funds.
The three major financial decisions are:

- Investment Decision
- Financing Decision
- Dividend Decision

Among these, the Investment Decision determines where and how the available funds should be invested.

Step 1: Understand the meaning of Investment Decision.

Investment Decision refers to the decision regarding allocation of funds among different assets and projects.
Management has to decide:

- Which assets should be purchased.
- Which projects should be undertaken.
- How much money should be invested.
- Whether an investment will generate sufficient returns.

Step 2: Understand its importance.

Investment decisions are often called the most important financial decisions because they directly affect:

- Future profitability
- Growth of the business
- Earning capacity
- Risk level of the firm

Wrong investment decisions may result in losses and inefficient use of funds.

Step 3: Relate the concept to the given question.

The question asks which financial decision determines how the funds raised are invested in various assets.
This function is performed by the Investment Decision.

$$\boxed{\text{Investment Decision}}$$

Therefore, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Remember:
Investment Decision = Where to invest funds?
Financing Decision = How to raise funds?
Dividend Decision = How much profit to distribute?

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7. Which financial market deals in short-term debt instruments and has a maturity period of less than one year?

(A) Capital Market
(B) Money Market
(C) Stock Market
(D) Bond Market

Correct Answer: (B) Money Market

Solution:

Concept:
Financial markets facilitate the transfer of funds between investors and borrowers.
They are broadly classified into:

- Money Market
- Capital Market

The classification is based mainly on the maturity period of financial instruments.

Step 1: Understand the Money Market.

The Money Market deals in short-term funds and financial instruments having a maturity period of less than one year.
Examples include:

- Treasury Bills
- Commercial Paper
- Call Money
- Certificates of Deposit
- Commercial Bills

Step 2: Understand the Capital Market.

The Capital Market deals in medium-term and long-term securities.
Examples include:

- Equity Shares
- Preference Shares
- Debentures
- Bonds

These generally have a maturity period exceeding one year.

Step 3: Apply the concept.

The question specifically mentions:

- Short-term debt instruments
- Maturity less than one year

These characteristics belong to the Money Market.

$$\boxed{\text{Money Market}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Money Market:

$$\text{Maturity} < 1 \text{ year}$$

Capital Market:

$$\text{Maturity} > 1 \text{ year}$$

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8. Which of the following is a right of the consumer under the Consumer Protection Act, 2019?

(A) Right to Profit

(B) Right to be Informed

(C) Right to Dictate Price

(D) Right to Monopolize

Correct Answer: (B) Right to be Informed

Solution:

Concept:

The Consumer Protection Act, 2019 protects consumers against unfair trade practices and exploitation.

The Act grants several important rights to consumers.

Step 1: Understand the rights available to consumers.

Major consumer rights include:

- Right to Safety
- Right to be Informed
- Right to Choose
- Right to be Heard
- Right to Seek Redressal
- Right to Consumer Education

Step 2: Understand the Right to be Informed.

Consumers must receive complete and accurate information regarding:

- Quality
- Quantity
- Purity
- Standard
- Price
- Ingredients
- Manufacturing and expiry dates

This enables consumers to make informed purchasing decisions.

Step 3: Apply the concept.

Among the options provided, only "Right to be Informed" is an officially recognized consumer right.

$$\boxed{\text{Right to be Informed}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Consumer Rights:

- Safety
- Information
- Choice
- Hearing
- Redressal
- Education

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9. Which management function is considered the 'base' of all other functions because it involves setting goals?

(A) Planning

(B) Organizing

(C) Directing

(D) Controlling

Correct Answer: (A) Planning

Solution:

Concept:

Management consists of several interrelated functions:

- Planning
- Organizing

- Staffing
- Directing
- Controlling

Among these, Planning is regarded as the primary and foundational function.

Step 1: Understand the meaning of planning.

Planning means deciding in advance:

- What is to be done.
- How it is to be done.
- When it is to be done.
- Who will do it.

It provides direction to organizational activities.

Step 2: Understand why planning is called the base.

Every other managerial function depends upon planning.
For example:

- Organizing arranges resources to achieve planned goals.
- Staffing provides manpower for planned activities.
- Directing guides employees toward planned objectives.
- Controlling compares actual performance with planned standards.

Thus planning serves as the foundation of all managerial functions.

Step 3: Apply the concept.

Since planning establishes organizational objectives and future actions, it is considered the base of all management functions.

$$\boxed{\text{Planning}}$$

Therefore, the correct answer is:

$$\boxed{\text{Option (A)}}$$

Quick Tip: Management Functions:

Planning → Organizing → Staffing → Directing → Controlling

Planning comes first and forms the foundation of all others.

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10. What is the primary purpose of 'Controlling' in an organization?

(A) To hire new employees

(B) To compare actual performance with standards

(C) To market products to consumers

(D) To formulate corporate strategy

Correct Answer: (B) To compare actual performance with standards

Solution:

Concept:

Controlling is the managerial function that ensures organizational activities are proceeding according to plan.

It helps management identify deviations and take corrective actions whenever necessary.

Step 1: Understand the meaning of controlling.

Controlling involves:

- Setting performance standards
- Measuring actual performance
- Comparing actual performance with standards

- Taking corrective action

Step 2: Understand its importance.

Without controlling:

- Managers cannot know whether goals are being achieved.
- Errors may remain undetected.
- Resources may be wasted.
- Organizational efficiency may decline.

Controlling ensures that plans are effectively implemented.

Step 3: Identify the primary purpose.

The central activity of controlling is the comparison between actual results and predetermined standards.
If differences are found, corrective measures are taken.
Therefore:

$$\boxed{\text{Actual Performance} \longleftrightarrow \text{Standards}}$$

is the essence of controlling.

Step 4: Write the conclusion.

The primary purpose of controlling is:

$$\boxed{\text{To compare actual performance with standards}}$$

Hence, the correct answer is:

$$\boxed{\text{Option (B)}}$$

Quick Tip: Controlling Process:

Set Standards

Measure Performance

Compare

Correct Deviations
